



Established 1993

240 Executive Drive #1853  
Cranberry Twp, PA 16066  
steve@schaferconsulting.com

6812 Winterberry Lane, Suite 300  
Bethesda, MD 20817  
nshapiro@schaferconsulting.com

8135 Duomo Circle  
Boynton Beach, FL 33472

September 16, 2021

Levi Kinnischtzke, Senior Fiscal Analyst  
Allen H. Knudson, Legislative Budget Analyst and Auditor  
North Dakota Legislative Council  
State Capitol  
600 East Boulevard Avenue  
Bismarck, ND 58505

Subject: Study of Acute Psychiatric and Residential Care Needs in North Dakota

Dear Mr. Kinnischtzke and Mr. Knudson:

We appreciate the opportunity to prepare this proposal for the State of North Dakota. The proposal is in response to the RFP seeking consultant services for assistance in a study of the acute psychiatric and residential care needs in the State.

The study will result in:

1. A long-term plan for acute psychiatric hospitalization and residential treatment services based on an objective demand analysis of the likely bed need in the state for these services over the next 3-5 years. The demand analysis will include:
  - a. Children and adolescents with primary mental health or substance use disorders
  - b. Adults with primary mental health or substance use disorders
2. Findings and recommendations for appropriate locations for acute psychiatric beds and residential treatment beds in the state;
3. Considerations towards the use of existing public psychiatric facilities and the need for new public facilities
4. A plans for the involvement of private providers, including suggested contract requirements, treatment program components, and outcome measures
5. A shorter term plan for the remainder of the 2021-23 biennium and the 2023-25 biennium to contract with private acute psychiatric care facilities to provide appropriate treatment services in four or more cities in the state
6. Development of options and a recommendation for the future use of facilities at the State Hospital, including the LaHaug Building

7. Optionally, based on the option selected by the committee, development of conceptual drawings for a new State Hospital

We will provide periodic reports to the Acute Psychiatric Treatment Committee on the status of the project including tentative findings and recommendations. We anticipate completing a final written report by April 1, 2022.

Our approach to this important project is both quantitative, using national, state and regional utilization and prevalence metrics, but it is also qualitative and collaborative. We will engage with the Acute Psychiatric Treatment Committee and provide reports on a regular basis. The sequence of steps we anticipate using to complete all deliverables are outlined in the proposal. Feedback and suggestions from the Committee are welcome.

We have included one Sample Report as an attachment to the email sent with this proposal. The report is one of many available.

We have provided these studies for the past 20+ years, working exclusively in health and human services, balancing researched analytics, clinical and “real world” operational considerations. Prior to starting our group, the senior partners planned, built and operated psychiatric facilities as well as directed home and community based services for Behavioral Health patients.

We look forward to the opportunity working with you, the Acute Psychiatric Treatment Committee, stakeholders and key project representatives.

Please let us know if you have questions or would like to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Schafer", with a stylized, flowing script.

Steve Schafer, M.Div.  
Neil Shapiro, MBA  
Steve Friedman, PhD.  
Senior Partners

# **Proposal: Study of Acute Psychiatric and Residential Care Needs in North Dakota**

***Confidential & Proprietary***

**Schafer Consulting Inc.**

September 15, 2021

Steve Schafer, M.Div.  
Senior Partner  
Direct: (724) 719-8152  
Email: [steve@schaferconsulting.com](mailto:steve@schaferconsulting.com)

Neil Shapiro, MBA  
Senior Partner  
Direct: (301) 529-8125  
Email: [nshapiro@schaferconsulting.com](mailto:nshapiro@schaferconsulting.com)

Stephen Friedman, Ph.D.  
Senior Partner

- *Experts in the market analysis, clinical operation, management, regulatory compliance and financial improvement of behavioral health programs*
- *Over 60 years of combined experience in the management and turnaround of specialized facilities*
- *Developed proprietary compliance, marketing, operations and financial tools that assist psychiatric operations improve performance*

## Contents

<b>PROJECT DELIVERABLES .....</b>	<b>6</b>
DELIVERABLE 1: OPTIONS AND RECOMMENDATIONS FOR A LONG-TERM PLAN FOR ACUTE PSYCHIATRIC HOSPITALIZATION AND STEP-DOWN RESIDENTIAL TREATMENT .....	6
DELIVERABLE 2: DEVELOPMENT OF OPTIONS AND A RECOMMENDATION FOR A SHORT-TERM PLAN TO CONTRACT WITH PRIVATE ACUTE PSYCHIATRIC CARE FACILITIES IN FOUR OR MORE CITIES.....	6
DELIVERABLE 3: DEVELOPMENT OF OPTIONS AND A RECOMMENDATION FOR THE FUTURE USE OF FACILITIES AT THE STATE HOSPITAL, INCLUDING THE LAHAUG BUILDING. ....	6
OPTIONAL DELIVERABLE 4: DEVELOPMENT OF CONCEPTUAL DRAWINGS FOR A NEW STATE HOSPITAL .....	7
<b>KEY DEFINITIONS .....</b>	<b>7</b>
<b>GENERAL APPROACH AND SCOPE OF SERVICES .....</b>	<b>8</b>
SCHAFFER CONSULTING INC. BACKGROUND .....	8
FUNDAMENTAL APPROACH.....	8
<b>PROJECT STEPS .....</b>	<b>9</b>
STEPS IN CONDUCTING THE STUDY .....	9
<b>DATA &amp; INFORMATION SOURCES .....</b>	<b>10</b>
<b>TREATMENT SERVICES &amp; AGE GROUPS EXAMINED IN THE STUDY.....</b>	<b>11</b>
TREATMENT SERVICES .....	11
<b>DELIVERABLE 1: ACUTE INPATIENT AND RESIDENTIAL BED DEMAND METHODOLOGY .....</b>	<b>11</b>
ACUTE & RESIDENTIAL PSYCHIATRIC TREATMENT NEEDS STAKEHOLDER SURVEY.....	12
<i>Initial Survey Areas.....</i>	<i>12</i>
<b>DELIVERABLE 2: METHODOLOGY FOR OPTIONS AND A RECOMMENDATION FOR A SHORT-TERM PLAN TO CONTRACT WITH PRIVATE ACUTE PSYCHIATRIC CARE FACILITIES IN FOUR OR MORE CITIES .....</b>	<b>13</b>
<b>DELIVERABLE 3: METHODOLOGY FOR DEVELOPMENT OF OPTIONS AND RECOMMENDATIONS FOR THE FUTURE USE OF FACILITIES AT THE STATE HOSPITAL, INCLUDING THE LAHAUG BUILDING. ....</b>	<b>13</b>
<b>OPTIONAL DELIVERABLE 4: METHODOLOGY FOR DEVELOPMENT OF CONCEPTUAL DRAWINGS FOR A NEW STATE HOSPITAL .....</b>	<b>14</b>
<b>PROJECT MECHANICS, MEETINGS AND COMMUNICATION .....</b>	<b>15</b>
<b>PUTTING IT ALL TOGETHER.....</b>	<b>16</b>
<b>WORK PLAN, TERMS, DATES AND FEE .....</b>	<b>17</b>
<b>REFERENCES.....</b>	<b>18</b>
<b>SAMPLE REPORT .....</b>	<b>19</b>
<b>ABOUT SCHAFFER CONSULTING INC. ....</b>	<b>19</b>
RECENT RELEVANT PROJECTS.....	19
<b>CONSULTANT BIOGRAPHIES .....</b>	<b>21</b>
NEIL SHAPIRO, M.B.A. ....	21

STEVE SCHAFER, M.DIV. ....	21
<b>SAMPLE OF SCHAFER CONSULTING PROJECTS.....</b>	<b>22</b>
<b>AGREEMENT SIGNATURE PAGE FOR CONSULTING SERVICES.....</b>	<b>27</b>

## **Project Deliverables**

### **Deliverable 1: Options and Recommendations for a Long-term plan for acute psychiatric hospitalization and step-down residential treatment**

Schafer Consulting will complete a comprehensive Study and options for a Long Term Plan that examines and quantifies the need for acute psychiatric inpatient and step down residential treatment beds for adults and children/adolescents in North Dakota. This will include:

- a) The number of acute care beds needed in the state;
- b) Appropriate locations in the state;
- c) The involvement of private providers, including contract requirements, treatment requirements, and outcome measurers; and
- d) The use of existing public facilities and the need for new public facilities.

Note: we will quantify this information for both adults and for children/adolescents with mental health or substance use disorders; i.e. projection bed need for these four groups over the next 3-5 years.

### **Deliverable 2: Development of options and a recommendation for a short-term plan to contract with private acute psychiatric care facilities in four or more cities**

Schafer Consulting will complete a short-term plan to contract with private acute psychiatric care facilities in four or more cities for the remainder of the 2021-23 biennium and the 2023-25 biennium. We will assist and collaborate with the Committee on key aspects of the contracts.

Our work with acute psychiatric facilities throughout the United States on quality outcome management, federal and state compliance, accreditation, turn around operations, provider and nurse staffing, clinical program development improvement will inform our short-term planning and interaction with these hospitals and health systems.

### **Deliverable 3: Development of options and a recommendation for the future use of facilities at the State Hospital, including the LaHaug Building.**

Based on utilization trends for patients with Behavioral Health disorders and resources for complex conditions we will develop options and recommendations for the future use of facilities at the State Hospital. The range of options for the facilities and the LaHaug Building will span acute inpatient psychiatric units, residential mental health and substance use treatment and related step-down programs.

Initially we would conceptualize using these State Hospital facilities for conditions that are often outside the clinical scope of most acute inpatient psychiatric units, psychiatric hospitals, and residential treatment programs. Examples of these clinical conditions typically include: forensic

units, severe / complex mental health disorders, severe / complex co-morbid mental health and substance use, patients with dangerous sexual behaviors, and other treatment resistant histories.

#### **Optional Deliverable 4: Development of conceptual drawings for a new State Hospital**

Should there be a request for this optional service we will work on conceptional drawings for the state hospital. We will develop several alternative drawings. We have been involved both as consultants and, previously, as owners and developers of psychiatric hospitals in the design of these facilities. Along with functional design factors unique to psychiatric hospitals, there are extensive state, federal CMS, DNV and Joint Commission accreditation physical plant regulations for psychiatric facilities. Our approach would include significant collaboration with the Committee in this endeavor.

#### **Key Definitions**

- “The Committee”:
  - Acute Psychiatric Treatment Committee of the North Dakota Legislative Management and Council
- “Behavioral Health”:
  - Behavioral health is the scientific study of the emotions, behaviors and biology relating to a person’s mental well-being, their ability to function in life and their concept of self. The term, “behavioral health” encompasses all contributions to mental wellness including substances and their abuse, behavior, habits, and other external forces.
- “Mental Health”, “Mental Disorders”:
  - Mental disorders involve changes in thinking, mood, and/or behavior. These disorders can affect how we relate to others and make choices. Reaching a level that can be formally diagnosed often depends on a reduction in a person’s ability to function as a result of the disorder. For example:
    - Serious mental illness is defined by someone over 18 having (within the past year) a diagnosable mental, behavior, or emotional disorder that causes serious functional impairment that substantially interferes with or limits one or more major life activities.
    - For people under the age of 18, the term “Serious Emotional Disturbance” refers to a diagnosable mental, behavioral, or emotional disorder in the past year, which resulted in functional impairment that substantially interferes with or limits the child’s role or functioning in family, school, or community activities.

- “Substance Use”, “Substance Abuse”, “Substance Use Disorders”:
  - Substance use disorders occur when the recurrent use of alcohol and/or drugs causes clinically significant impairment, including health problems, disability, and failure to meet major responsibilities at work, school, or home.
- “Co-Occurring Disorders”:
  - The coexistence of both a mental health and a substance use disorder is referred to as co-occurring disorders.
- “Children/Adolescents”:
  - Age 18 and under; note some federal databases group this population in only as 12-17; in that case, we will so note on our report
- “Adults”:
  - Age 18 and over
- “Older Adults”:
  - Age 65+

<h2 style="margin: 0;">General Approach and Scope of Services</h2>
--

### Schafer Consulting Inc. Background

We have worked throughout the United States over the past 20+ years with hospital and outpatient systems, safety net hospitals, academic medical centers, states, counties, and community behavioral health agencies. Having previously planned, designed, started, owned and managed psychiatric hospitals and outpatient centers we are particularly sensitive to making things work "on the ground" including regulatory compliance, quality clinical operations, patient safety, financial viability, business functions, market analyses, service demand and organizational goals. We work exclusively in behavioral health.

### Fundamental Approach

Essentially we provide consulting to assist hospitals, health care organizations and communities research, plan, manage and start a continuum of behavioral health services that are compliant, financially viable, efficient, high quality, safe, and based on field best practices.

Our approach is collaborative, data-driven, and focused on client objectives. We recognize that each geographic market is unique, as is the range and need for behavioral health services.



We will use both quantitative and qualitative tools. We will conduct analysis, surveys, data aggregation, and prepare a written report with findings and recommendations in our offices. *Not all data measures of need may be available or current. In those events we will use estimates based on what is known and identify them as such.* We also temper data-driven conclusions with the “on the ground” experience and needs of local providers and community stakeholders.

Throughout the project we will work with the project representative(s) via phone, email, videoconference and in person.

At the start of the engagement we will send an Information Request List that explains the data we will need. We will make the best effort to begin the project as soon as possible. We will make our best efforts to expedite the completion of the deliverables without sacrificing its quality.

## **Project Steps**

### **Steps in Conducting the Study**

1. Send a Request for Information and Key Contact List to the North Dakota Legislative Council, Acute Psychiatric Treatment Committee
2. Obtain state and local level Behavioral Health utilization information from the Committee and Legislative Council, the ND Department of Human services, ND Hospital Association, and other state specific data
3. Use population data and projections, statistical and predictive analytics and geocoding to derive key finding from national and state databases
4. Request help from the Committee in identifying key stakeholders and contact information (ex: email addresses) for an online Survey for the Study, perhaps “Acute & Residential Psychiatric Treatment Needs Survey”
5. Prepare a draft Survey in collaboration with the Committee, disseminate and conduct the Survey, aggregate and analyze an online Survey of key stakeholders regarding the project
6. Relate and include Survey findings into the draft Study report
7. Prepare a draft report for the Committee and adjust based on input
8. Present a final written report focused on each Deliverable

## **Data & Information Sources**

1. Utilization Data from the North Dakota Acute Psychiatric Treatment Committee
2. Survey of Key North Dakota Stakeholders, ex:
  - a. Acute Psychiatric Treatment Committee and Legislative Council
  - b. Hospitals, Critical Access Centers, Emergency Departments, Federally Qualified Health Clinics
  - c. Residential Treatment Facilities and Residential Rehabilitation Centers
  - d. The ND State Hospital
  - e. DHS Behavioral Division, mental health and substance abuse treatment representatives
  - f. DHS Regional human service centers
    - i. Children's mental health
    - ii. Children and Family Services
    - iii. Ageing Services
    - iv. Serious mental health and extended care coordination
    - v. Acute clinic services
    - vi. Crisis and emergency response services
    - vii. Developmental disabilities
  - g. ND Mental Health Association, Alliance for the Mentally Ill, and ND protection and Advocacy Project
  - h. Other stakeholder agencies per the Committee recommendations
3. Population demographics and projections from public and proprietary databases, ex:
  - a. US Census Bureau
  - b. ND Department of Commerce, Census Office
  - c. Woods & Poole Economics
4. Federal Databases and Surveys:
  - a. Federal SAMHSA databases and surveys, ex:
    - i. National Survey on Drug Use and Health
    - ii. Drug Abuse Warning Network (DAWN), Mental Health Client Level Data
    - iii. National Mental Health Survey
    - iv. National Survey of Substance Abuse Treatment Services
    - v. Treatment Episode Data Set, Admissions / Discharges
  - b. Federal Agency for Healthcare Research and Quality databases, ex:
    - i. National Inpatient Sample
    - ii. Kids Inpatient Database
    - iii. Nationwide Emergency Department Sample
    - iv. Nationwide Readmissions Database

- v. State Inpatient Databases
- vi. State Emergency Department Databases
- c. Federal CDC databases, ex:
  - i. Healthy People
  - ii. National Health Interview Survey
- d. The National Center for Health Statistics: National Hospital Care Survey
- e. Medicare Quality Reporting systems, i.e. the Inpatient Psychiatric Facility Quality Reports (IPFQR)

5. Additional data from proprietary databases, e.g. SG2

## **Treatment Services & Age Groups Examined in the Study**

We will examine utilization of the following formal Behavioral Health treatment services for adults and adolescents. These are defined by the Substance Abuse and Mental Health Services Administration and used in national surveys.

### **Treatment Services**

- Acute Hospital Inpatient Treatment for Mental Health and for Substance Use
- Residential Step Down Mental Health and Substance Use Treatment
- Population Age Groups:
  - Children/Adolescents
  - Adults

## **Deliverable 1: Acute Inpatient and Residential Bed Demand Methodology**

A demand analysis uses researched prevalence and use rates for behavioral medicine disorders and applies them to current and projected population demographics over a recent period of time. We will also use utilization rate data and forecasts from proprietary databases to help quantify the need for mental health and substance abuse treatment beds for each program type over the next 3-5 years.

National and state admission/discharge/ length of stay data are used to compare current actual utilization with expected utilization; number of current beds with the number needed now and over a 3-5 year period. Projected market forecasts will also be identified and applied to the region.

We will tested predictive analytics and proprietary algorithms to identify bed demand and ranges of demand for each population age group. Aspects of demand and market forecasts include factors in a number of variables to identify actual and potential bed need trends:

- Population demographics, estimates and forecasts
- Service unit trends by service type, age group, and location, ex: bed days
- Geocoded maps of population with need overlays to help identify options for service locations
- Proprietary Market Forecasts
- Stakeholder and community experience and recommendations from the stakeholder Survey
- Previous ND Behavioral Health reports and studies

### **Acute & Residential Psychiatric Treatment Needs Stakeholder Survey**

We will develop, aggregate and summarize results of an online Stakeholder Survey as part of the Study and Report. The Survey is conducted using an anonymous, secure, on-line survey developed in concert with the Committee. In our experience the best way to get a good response is for the Committee to distribute an email inviting people to take the survey since it is more likely contacts will respond to a known requestor.

#### Initial Survey Areas

The survey will query at minimum, the following as part of the approach to addressing Deliverable 1:

- a) The perceived number of acute care beds needed in the state and the responder's geographical area
- b) Appropriate locations in the state;
- c) The input and feedback of private providers, including contract requirements, treatment requirements, and outcome measurers; and
- d) The use of existing public facilities and the need for new public facilities.

Results of the Survey are organized and presented for discussion with the Acute Psychiatric Treatment Committee and others per their recommendation.

In addition to obtaining information about service gaps and needs in the region, the Survey will help assess community supports. These are important for a complete system of care.

The Survey results often stimulates innovative thinking and planning for meeting the mental health and substance abuse treatment needs in areas of the State. For example:

- Inpatient Psychiatric Facility or Unit of a hospital
- Residential Treatment facility

- Use of State Hospital facility and grounds
- New State Hospital with specialized units
- Improved throughput of behavioral health patients in North Dakota's Emergency Departments
- Specialized case management, outpatient or other service, ex: care coordination and case management for high utilizers

After the Survey has been compiled we will prepare a presentation of the results for discussion with the Committee, and Survey participants if requested.

### **Deliverable 2: Methodology for options and a recommendation for a short-term plan to contract with private acute psychiatric care facilities in four or more cities**

Schafer Consulting will complete a short-term plan to contract with private acute psychiatric care facilities in four or more cities for the remainder of the 2021-23 biennium and the 2023-25 biennium.

Deliverable 1 outcomes, Survey results, and collaboration with the Committee will inform this goal. Knowing which areas of the State are in most need of inpatient psychiatric and residential step-down care, will help the Committee identify private psychiatric care facilities with which the State could contract for treatment services.

Key elements of the contracts should address the fee structure, service outcomes (ex: based on Inpatient Psychiatric Facility Quality Reporting (IPFQR), State licensing surveys, and accreditation findings.

We have extensive experience owning, operating, and managing psychiatric facilities and can provide the Committee key elements and options for contracts.

### **Deliverable 3: Methodology for development of options and recommendations for the future use of facilities at the State Hospital, including the LaHaug Building.**

Based on utilization trends for individuals including children/adolescents and adults with Behavioral Health disorders and by relating those to the resources for complex conditions we will develop options and recommendations for the future use of facilities at the State Hospital.

The range of options for the facilities and the LaHaug Building will span acute inpatient psychiatric units, residential mental health and substance use treatment, related step-down

programs and specialized Care Coordination and Case Management techniques used to help reduce recidivism and support successful community integration.

Initially we would conceptualize using these State Hospital facilities for conditions that are often outside the clinical scope of most acute inpatient psychiatric units, psychiatric hospitals, and residential treatment programs.

Examples of these clinical conditions typically include: forensic units, severe / complex mental health disorders, severe / complex co-morbid mental health and substance use, patients with dangerous sexual behaviors, and other treatment resistant histories.

We will review the existing physical plant of the LaHaug Building in relation to new or expanded inpatient and outpatient Behavioral Health programs.

We will identify major substantial Physical Plant requirements for expanded or new inpatient and residential treatment psychiatric unit(s). Older facilities may require extensive renovation to meet these regulations. These are focused on patient safety, ligature risk reduction, and security. Ligature risk reduction includes many items, like hard ceilings, specialized inpatient doors, hinges, alarms, windows, bathroom fixtures, furniture, beds, linens and many others. The physical plant must also meet specific square footage and typically have additional features for self or other harm reduction like a seclusion room.

In addition to the physical plant, security and video monitoring is also uniquely defined and part of the risk reduction approach for inpatient, residential and outpatient Behavioral Health programs use. These include items like access control, video monitoring, eliminating “blind spots” on units, and other key safety items. We will collaborate with Hospital and DHS Engineering/Plant staff regarding use opportunities and plant compliance impacts.

#### **Optional Deliverable 4: Methodology for development of conceptual drawings for a new State Hospital**

Should there be a request for this optional service we will work on conceptional drawings for the state hospital. We will develop several alternative drawings. The conceptual drawings will depend on the psychiatric populations and clinical services or specialties the new State Hospital will serve.

An assumption for discussion is that the State Hospital ought not duplicate services or capabilities provided by private psychiatric facilities but instead be developed for those individuals who have not been or who are not accepted for admission to community hospital psychiatric units, free standing psychiatric hospitals, or residential treatment programs.

We have been involved both as consultants and, previously, as owners and developers of psychiatric hospitals in the design of these facilities related to general and specific psychiatric disorders. We have both designed and built specialty psychiatric and residential facilities. We have also worked directly with operators to build facilities.

Along with functional design factors unique to psychiatric hospitals, there are extensive state, federal CMS, DNV and Joint Commission accreditation physical plant regulations for psychiatric facilities. Our approach would include significant collaboration with the Committee in this endeavor.

### **Project Mechanics, Meetings and Communication**

We will review documents and data regarding behavioral health utilization on inpatient psychiatric units, general medical floors, the Emergency Department, outpatient behavioral health programs and physician practices to the extent these are available for the State.

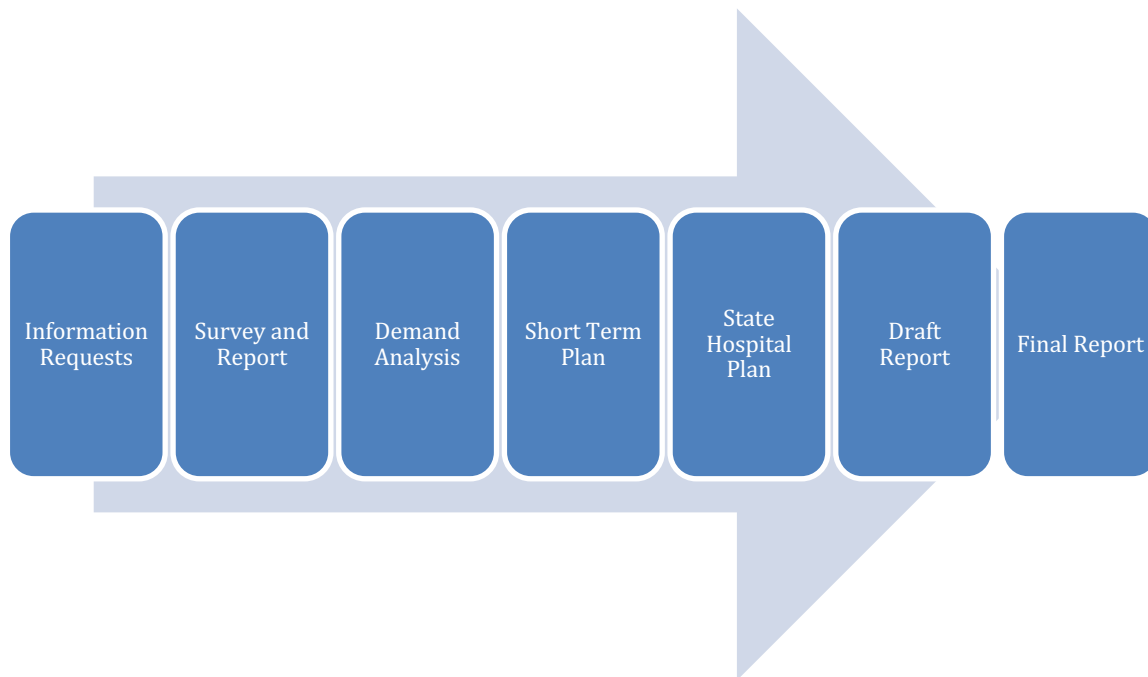
At the beginning of the project we will prepare a Request List identifying data and information we would like to obtain from the Committee, if available. We may also request help obtaining a contact list of agencies, hospitals and stakeholders.

We will also work with recommended stakeholders, hospitals, community Behavioral Health providers, state and county officials, The State of North Dakota, the North Dakota Hospital Association and others as suggested by the project participants.

We often use videoconference “Zoom” calls so communication is improved with the visual component added to meetings. This also enables us to share our computer screen when we are reviewing various documents and reports.

## Putting It All Together

During the project, we will collaborate with the Acute Psychiatric Treatment Committee to discuss ideas and next steps.





## **Work Plan, Terms, Dates and Fee**

### **Priority Project**

The State of North Dakota agrees it will support and ensure that this consulting service is a priority project and that it has the full support of senior management and staff.

### **Start Date and Resources**

The start date for the project is November 1, 2021. It is anticipated the project will continue through completion of the successful Study. Its anticipated the complete analysis and report will be completed by April 1, 2022.

### **Expenses and Fee**

Schafer Consulting Inc. will be paid a total \$393,000. Payments to be made the first of the month throughout the Agreement. Electronic payments are preferred.

## **Recommended Work Plan Next Steps**

1. Sign formal agreement finalizing the duties, responsibilities, relationships, and start date with North Dakota Legislative Management
2. The organization will identify the point persons at North Dakota Legislative Management / Legislative Council with whom we will work.
3. Setup conference call to begin work, discuss project, logistics, etc.
4. Work to coordinate scheduling, timing and mechanics of the project to fit into the organization's scheduling.
5. Schafer Consulting will develop a request list of key documents

## References

E. Bernard Boone III, FACHE  
President  
Sentara Virginia Beach General Hospital  
1060 First Colonial Road  
Virginia Beach, Virginia 23454  
[EBBOONE1@sentara.com](mailto:EBBOONE1@sentara.com)  
(757) 395-6449

Kevin K McEwan  
Chief Operating Officer and CNO  
Madison Memorial Hospital  
450 East Main Street  
PO Box 310  
Rexburg, ID 83440  
[Kevin.McEwan@mmhnet.org](mailto:Kevin.McEwan@mmhnet.org)  
(208) 359-6711

Karl Vilums  
Chief Financial and Administrative Officer  
Broadlawns Medical Center  
1801 Hickman Road  
Des Moines, IA 50314-1597  
[kvilums@broadlawns.org](mailto:kvilums@broadlawns.org)  
(515) 282-2296

## **Sample Report**

We have attached one Sample Report to the Email accompanying this proposal.

## **About Schafer Consulting Inc.**

The partners at Schafer Consulting Inc. owned, managed and operated psychiatric hospitals and clinic systems prior to starting our company in 1993. We have also been Executive Directors and senior managers of non-profit community mental health centers, and children and youth service systems.

We have a strong sensitivity to successful long-term strategic plans; strong market position; accessible, efficient, and qualitative service delivery systems; viable financial operations; federal and state compliance and national accreditation.

Our success with healthcare planning and transformation projects stem from connecting behavioral health and long term care operations to real world business requirements and providing the Client with unique tools to measure and track ongoing performance.

### **Recent Relevant Projects**

We recently completed work with diverse, large healthcare systems:

- Broadlawns Medical Center, Des Moines, Iowa: Behavioral Health Feasibility Study for inpatient and community based substance abuse and addiction treatment services for central Iowa. Broadlawns Medical Center is a non-profit acute care hospital and healthcare system with 200 beds, 1,172 Full-time Employees and 107 physicians. It's inpatient psychiatric units serve the entire state.
- Sentara Healthcare, Virginia and North Carolina: Interim Management and Strategic Operations Assessment for four inpatient psychiatric units, intensive outpatient and partial hospital programs. Our role included developing plans and services through the COVID-19 pandemic. Healthcare is a not-for-profit system that includes 16 acute care hospitals, advanced imaging centers, nursing and assisted-living centers, outpatient campuses, physical therapy and rehabilitation services, home health and hospice agency, a 3,800-provider medical staff and four medical groups. In addition, it provides health insurance to 858,000 people through the organization's Optima Health and Virginia Premier.
- Behavioral Health Operations Assessment for Jefferson Health, Cherry Hill, New Jersey: Emergency Department throughput; quality, patient and staff safety. Jefferson Health New Jersey is the largest provider of behavioral health services in

South Jersey with adult and pediatric inpatient care, a 24 hour Crisis Unit, partial hospital and intensive outpatient programs

- Operations Turnaround for Texas Health Resources Hospitals' Behavioral Health inpatient and outpatient system. THR Texas Health Resources is one of the largest faith-based, nonprofit health systems in the United States. It has more than 24,000 employees, over 350 points of access in North Texas, 29 hospital locations including acute care, short stay, rehabilitation and transitional care facilities. The Behavioral Health system operates 6 psychiatric facilities, an 80 bed residential drug treatment facility, a mobile assessment team, and a comprehensive outpatient behavioral health system providing care in 17 locations.
- Performance Improvement Directors for Stony Brook University Medical Center's Behavioral Sciences; this included an adult inpatient psychiatric unit, a children's inpatient psychiatric unit, a large Comprehensive Psychiatric Emergency Program, and large outpatient service.
- Restructuring Officers for turnaround of a Behavioral Health at a Harvard affiliated teaching hospital in the Boston area operating 4 inpatient psychiatric units and an outpatient system with 110,000+ visits per year. This system piloted medical homes and integrated behavioral health with primary care.
- Behavioral health product line business, operations, and market assessment including demand analysis for inpatient geriatric psychiatry unit, expanded adult inpatient units, strategic service line plan, management and throughput of mental health/substance abuse patients in the emergency departments of 4 regional medical centers for Sentara Healthcare, Virginia Beach, VA. Sentara operates 12 hospitals, a Health plan (Optima Health), 4 medical groups, 3,800+ provider medical staff, and has 28,000 staff in Virginia and North Carolina.
- Behavioral health service line assessment, CMS compliance turnaround implementation, and Interim Psychiatric Services management, Parkland Hospital and Health System, Dallas, Texas
- Operations Assessment and Portfolio of Financially Quantified Opportunities for Operational Improvement in Behavioral Health for a 100-bed psychiatric hospital and extensive outpatient system (16 clinics) – HealthPartners Medical Group, St. Paul, MN
- Hospital and Social Services Agency and Psychiatric Hospital/Residential Treatment Center Turnaround project, interim CEO for Wells Fargo & Bond Holders for facilities and operations in Iowa, Nebraska, and Alaska
- State privatization project for Tulane University Medical Center Hospitals and Psychiatric Services, Louisiana
- Behavioral health service line assessment, CMS compliance turnaround implementation, and Interim Psychiatric Services management, Parkland Hospital and Health System, Dallas, Texas
- (For a list of completed projects and Clients please see below)

In all projects, we consistently engage stakeholders in planning. Our strength in strategic planning is hands on operational field experience and market positioning that together

improve/sustain profitability and provided a model for future operations. Our focus is long-term financial viability and clinical quality. We bring our proprietary market analytics, forecasting capabilities and operating systems to facilitate a successful planning process tailored to each Client's unique needs.

## **Consultant Biographies**

Mr. Shapiro and Mr. Schafer and their consultants have worked together for over 20 years as senior executives and consultants in the behavioral health and human service field. They have led business, financial, program/clinical, independent review, accreditation, compliance, physician recruitment, marketing, partnership/merger/acquisition, and information system projects throughout the United States and Canada.

### **Neil Shapiro, M.B.A.**

Mr. Shapiro received his MBA in hospital and health administration, and BA with honors from the University of Iowa.

Mr. Shapiro has extensive financial, management, and development experience and is often involved at a senior executive level to improve profitability, negotiate agreements, develop strategies, and lead organizational transformation.

Mr. Shapiro founded Managed Health Consultants in Bethesda, Maryland in 1992 in order to apply sound business principles and technical tools to social service agencies, behavioral health organizations, hospitals, and government agencies. In an era of increasing costs and decreasing reimbursement, there was a need to provide non-profits with crucial tools to decrease organization costs and overhead and to employ quantitative analysis to make informed decisions. Mr. Shapiro and Managed Health Services have provided hospitals, nonprofit agencies, and governmental organizations with critical consulting regarding their growth and development.

Prior to founding Managed Health Services, Mr. Shapiro was Chief Operating Officer of Tenet's Healthcare's Special Services Division of 55 Psychiatric Hospitals. After this Mr. Shapiro was President and owner of United Psychiatric Systems, a group of 8 psychiatric and residential treatment facilities in the Midwest. Mr. Shapiro has owned and managed numerous outpatient and inpatient facilities throughout the U.S.

### **Steve Schafer, M.Div.**

Mr. Schafer has over 35 years experience in the behavioral health and human services as fields as a psychotherapist, program director, administrator, hospital system vice president, and, since 1993, as founder and president of Schafer Consulting Inc.

He has led many projects for state and local government behavioral health and human service departments as well as for hospital system, community mental health centers, psychiatric product

lines of regional medical centers, children and youth organizations, provider networks, private practices, multi-state human service systems, group practices, Indian Tribes, foundations, and associations. He has provided program due diligence for mergers and acquisitions in the field.

He has published numerous articles related to child welfare, behavioral health, managed care, and social service planning.

He is often engaged to provide program and operations assessments, system transformation, compliance engineering, strategic and business planning, market research and payer relations, turnaround management, and productivity improvement for all levels and types of behavioral health, child welfare and juvenile justice organizations.

Prior to founding Schafer Consulting Inc. in 1993, Mr. Schafer was a Vice President for United Psychiatric Group. UPG operated eight psychiatric hospitals and residential treatment programs. He focused on national business development and government contracting, was on the lead start up team for three new hospitals, and established a Canadian private practice subsidiary. While at UPG he helped increase revenues from \$35 to over \$100 million annually.

He received a M. Div. In 1972 with a dual major in religion and psychology from Andover Newton Theological School, with collaborative studies through the Boston Theological Union at Harvard Divinity School, Boston College, and Boston University.

### **Sample of Schafer Consulting Projects**

- Broadlawns Medical Center, Des Moines, Iowa: Behavioral Health Feasibility Study for inpatient and community based substance abuse and addiction treatment services for central Iowa. Broadlawns Medical Center is a non-profit acute care hospital and healthcare system with 200 beds, 1,172 Full-time Employees and 107 physicians. It's inpatient psychiatric units serve the entire state.
- Sentara Healthcare, Virginia and North Carolina: Interim Management and Strategic Operations Assessment for four inpatient psychiatric units, intensive outpatient and partial hospital programs. Our role included developing plans and services through the COVID-19 pandemic. Healthcare is a not-for-profit system that includes 16 acute care hospitals, advanced imaging centers, nursing and assisted-living centers, outpatient campuses, physical therapy and rehabilitation services, home health and hospice agency, a 3,800-provider medical staff and four medical groups. In addition, it provides health insurance to 858,000 people through the organization's Optima Health and Virginia Premier.
- Behavioral Health Operations Assessment for Jefferson Health, Cherry Hill, New Jersey: Emergency Department throughput; quality, patient and staff safety. Jefferson Health New Jersey is the largest provider of behavioral health services in South Jersey with

adult and pediatric inpatient care, a 24 hour Crisis Unit, partial hospital and intensive outpatient programs

- Psychiatric hospitals and Behavioral Health Turnaround for Texas Health Resources Hospitals. THR Texas Health Resources is one of the largest faith-based, nonprofit health systems in the United States. It has more than 24,000 employees, over 350 points of access in North Texas, 29 hospital locations — including acute care, short stay, rehabilitation and transitional care facilities, 6 psychiatric facilities, an 80 bed residential drug treatment facility, a mobile assessment team, and an outpatient behavioral health system in 17 locations
- Inpatient Hospital, Residential Treatment and Ambulatory Detoxification Demand Analysis and Business Plan for the Mat-su Health Foundation, Wasilla, AK
- Feasibility study for expanded Behavioral Health Inpatient Services, Broadlawns Medical Center, Des Moines, Iowa
- Behavioral health product line business, operations, and market assessment including demand analysis for inpatient geriatric psychiatry unit, expanded adult inpatient unit, strategic service line plan, management and throughput of mental health/substance abuse patients in the emergency departments of 4 regional medical centers – Sentara Healthcare, Virginia Beach, VA
- Performance Improvement Directors for Stony Brook University Medical Center’s Behavioral Sciences; this included an adult inpatient psychiatric unit, a children’s inpatient psychiatric unit, a large Comprehensive Psychiatric Emergency Program, and outpatient services.
- Restructuring Officers for turnaround of a Behavioral Health at a Harvard affiliated teaching hospital in the Boston area operating 4 inpatient psychiatric units and an outpatient system with 110,000 visits per year. This system piloted medical homes and integrated behavioral health with primary care.
- Behavioral health service line assessment, CMS compliance turnaround implementation, and Interim Psychiatric Services management, Parkland Hospital and Health System, Dallas, Texas
- Operations Assessment and Portfolio of Financially Quantified Opportunities for Operational Improvement in Behavioral Health for a 100 bed psychiatric hospital and outpatient system (16 clinics) – HealthPartners Medical Group, St. Paul, MN
- Business, operations, management assessment; PRTF conversion, turnaround management/interim CEO for \$61 million children and youth service system with a major child welfare privatization project, psychiatric residential treatment facilities, and community based services operating in Iowa, Nebraska, and Alaska - on behalf of Wells Fargo Bank Bond Trustee and Bond Holders
- Behavioral health system operations assessment, emergency department throughput, market research and strategic plan for Sentara Healthcare in Virginia
- State privatization project for Tulane University Medical Center Hospitals and Psychiatric Services, Louisiana
- Operations assessment, workflow, policy / procedure revisions, efficiency and productivity enhancement for Sutter Psychiatric Center, Sacramento, CA

- Feasibility Study for medical clinic serving developmentally disabled – New Vista Community Services, Las Vegas, NV
- State mental health privatization project, Tulane University School of Medicine, New Orleans, LA
- Behavioral health information system review and Meaningful Use analysis, Wishard Health System, Midtown Mental Health Center, Indianapolis, IN
- Behavioral health service line assessment and productivity improvement, San Juan Regional Medical Center, Farmington, NM
- Turnaround management, The Oaks psychiatric inpatient facility, New Hanover Health Network, Wilmington, NC
- Market analysis and plan, Samaritan Center, Vincennes, Indiana
- Behavioral health service line operations assessment (productivity, market, facilities, staffing, physicians, emergency and consult services, clinical programs) with FTI Consulting:
  - Beverly Hospital system in Beverly, MA
  - Centra Health in Lynchburg, VA
  - Mary Immaculate Hospital in Queens, NY
  - Methodist Hospitals in Gary, IN
  - Wishard Health System in Indianapolis, IN
  - Baptist Hospitals of East Tennessee, in Nashville, TN
- Quality improvement system, Joint Commission accreditation and CMS compliance assistance for Alaska Psychiatric Institute, Anchorage, Alaska
- Market analysis and demand study for Borgess Health System, behavioral health system (inpatient, outpatient, group practice, Kalamazoo, Michigan)
- Joint Commission accreditation for Inspirations Day Treatment, Little Rock, AR
- Compliance, record review and audit, best practices, electronic medical record, person centered treatment and planning, Finger Lakes Health, Geneva, NY
- National state contracting and business development, merger and acquisitions, The Bair Foundation, New Wilmington, PA
- Safety review and consultation for Summa Health System, Akron, Ohio
- Joint Commission accreditation for Inspirations Day Treatment in Little Rock, AR
- COA and CARF accreditation for a psychiatric residential treatment center for children and youth in Detroit (Methodist Children's Home Society)
- CARF accreditation for Jackson County Psychological Services, NC
- COA accreditation for Avalon Hills eating disorder program, Logan, UT
- Joint Commission accreditation preparation for Bellefaire JCB psychiatric residential treatment center in Ohio
- Joint Commission accreditation/PRTF conversion for Cornell Abraxas Psychiatric adolescent Residential Treatment Facilities in Erie, PA and Colorado
- Joint Commission accreditation for 7 United Psychiatric Group freestanding psychiatric hospitals with adolescent residential treatment units\*
- CARF accreditation (twice over 3 years) for a behavioral health agency in British Columbia (The Focus Foundation)



- CARF accreditation for a substance abuse treatment center in Oklahoma (New Beginnings)
- CARF accreditation assistance for a multi-program agency providing behavioral health, visiting nurse, early childhood education, Head Start, employment services, domestic violence crisis services, and MRDD family support services (Martha's Vineyard Community Services)
- COA National Conference workshop presentation 2006 on Risk Management
- Operations assessment and enhancement of a \$56 million county-city operated social services system that provides 53 different social services programs including a comprehensive community mental health and substance abuse treatment center, children's services, MR/DD services, older adult programs, home care, corrections and probation contractual services, with a unionized workforce (Midtown Mental Health operated by Wishard Health Services operated by the City-County of Indianapolis, IN.) subcontract with Cambio Health Solutions, Inc.
- Risk pool analysis and strategies for Lead Agencies managing care under Florida's child welfare privatization and global transfer of some \$587 million from the State to the lead agencies through the Florida Coalition for Children, with Milliman, Inc.
- PRTF conversion and/or strategic and long range plans (including feasibility and demand studies), business development for child and adolescent residential treatment centers and psychiatric inpatient units serving all age groups and populations:
  - CO: Southern Peaks Regional Treatment Center - Cornell Companies
  - IN: Gibault; Midtown MH Center –Wishard Health System; Bloomington Meadows Hospital – United Psychiatric Group\*
  - PA: Mars Home for Youth; Auberle; Glade Run
  - IL: St. Johns Hospital Inpatient Psychiatric Unit
  - IN: Bloomington Meadows Hospital\*
  - KS: Mt. Carmel Regional Medical Center inpatient and outpatient psychiatric services
  - SD: McCrossan Boys Ranch
  - OH: Belmont Pines Hospital and Fox Run Hospital – United Psychiatric Group\*
  - NM: Mesilla Valley Hospital – United Psychiatric Group\*
- Clinical and operations due diligence for JW Childs interest in acquiring a \$700+ million national human service system working primarily in therapeutic foster care, host home, home health, and residential treatment for and related product lines for children, adolescents, adults and older adults in child welfare, juvenile justice, developmental disabilities, acquired brain injury and medical industries
- Statewide child welfare substitute care case rate analysis for the Arizona Dept. of Economic Security in partnership with Milliman, an international actuarial firm
- Feasibility study to expand psychiatric residential treatment for Prairie View, Inc. a private non profit behavioral health system with a free standing psychiatric hospital and residential treatment unit in central Kansas
- Feasibility study and market research for a CON for a new freestanding psychiatric hospital, residential treatment center, partial hospital and outpatient services for Universal Health Services, The Stonington Institute.

- Turnaround management for the psychiatric inpatient services at St. John's Hospital in Springfield, IL.
- Interim management for the psychiatric inpatient and outpatient services at Mt. Carmel Regional Medical Center in Pittsburg, KS
- Integrated service system plan for a state department of mental health and substance abuse treatment (Connecticut Dept. of MH and SA services)
- Efficiency study for the Connecticut Department of Mental Retardation statewide Early Intervention program with 790 practitioners
- Productivity study for Indiana County, PA Guidance Center
- Human Services Study – Comparative Analysis for Berks County, PA
- Operations assessment and market plan for Summit County, NJ Department of Human Services, Richard Hall Mental Health Center
- Clinical productivity enhancement for a large regional county operated CMHC (Pineland MH/MR/SA Community Service Board in Georgia)
- Product review and business development for an ORYX approved behavioral health outcomes management software application (CS&O)
- Managed behavioral healthcare plan for a non profit children's hospital (Driscoll Children's Hospital Inc. in Brownsville, Texas)
- Medicaid cost report, rate and licensing policies for a staff-secure 176 bed adolescent residential treatment center serving adjudicated adolescents with histories of habitual offending and sex offenses (Southern Peaks Regional Treatment Center in Canon City, CO.)
- Operations assessment and enhancement for Connecticut Renaissance, a diverse drug and alcohol treatment program
- Mental health service system planning and development for Cornell Companies Inc., a national behavioral health and corrections provider system

#### State and County Government Experience

Some of the state and county government agencies with whom we have consulted include:

- Nebraska Division of Behavioral Health
- Dallas Hospital District
- Alaska Division of Behavioral Health (with Johnson Consulting Services)
- Florida Department of Children and Family Services
- Connecticut Department of Mental Retardation
- Connecticut Department of Mental Health and Substance Abuse Services
- Arizona Department of Economic Security
- Pineland Regional MH/MR/SA Community Services Board in Georgia
- Berks County PA Department of Human Services
- Indiana County PA Community Guidance Center
- Marion County – Indianapolis, jointly operated Wishard Health Services Hospital & Community Mental Health Center
- Somerset County, NJ, Dept. of Human Services

## Agreement Signature Page for Consulting Services

### Approval of Schafer Consulting Inc.'s Letter Proposal, Addendum, and Agreement with the State of North Dakota, Legislative Management for Services

This Addendum is part of the foregoing project proposal and agreement between Schafer Consulting Incorporated (herein known as SCI), an independent company, and the State of North Dakota Legislative Management ("Client") for Consulting Services relative to this State's Behavioral Health operations. The North Dakota Legislative Management approves Schafer Consulting Inc.'s Proposal for Services.

It is understood and agreed that SCI is an independent contractor in the performance of this Agreement. SCI shall assume full responsibility for payment of all federal, state, and local taxes, and/or special levies required under unemployment insurance, social security, income tax, and/or other laws, with respect to performance of SCI's obligations under this Agreement.

SCI acknowledges that information about the services provided by Client including knowledge of clientele, is confidential and of great value to this organization. Accordingly, SCI agrees not to disclose such confidential information to any person not authorized by Client to receive it. Upon completion of the work, and if requested, SCI shall deliver back to Client identified proprietary and confidential materials provided to SCI.

SCI will execute a Business Associate agreement provided by Client to SCI per HIPAA requirements if required.

The foregoing agreement is hereby accepted with its terms, intending to be legally bound hereby.

Approved:  
State of North Dakota

\_\_\_\_\_  
Authorized Agent

Date: \_\_\_\_\_

Approved:  
Schafer Consulting Incorporated

\_\_\_\_\_  
Steven Schafer  
President

Date: \_\_\_\_\_